

Testimony of Wayne F. Morgan
before the
Committee on Commerce Subcommittee on Energy and Power
May 9, 1997

My name is Wayne F. Morgan. I am employed by McAnally Enterprises in Berino, New Mexico. I would like to thank the Subcommittee on Energy and Power for the opportunity to speak today on the issue of electric utility industry restructuring.

McAnally Enterprises is a member of New Mexico Electric SWITCH, a non-profit organization representing a broad-based association of consumer groups, small businesses, industries, farmers and citizens from within the State of New Mexico. New Mexico SWITCH was formed because many New Mexicans feel that customer choice of their electrical supplier would result in competitive pricing of electricity and subsequently lower everyone's electric bills.

Speaking from a position within a competitive, unregulated industry I have seen first hand how the power of customer choice brings out the best in a firm in order for it to continue as a viable business. The production and marketing of eggs is a highly competitive business and a company's success depends on sound management decisions, efficient use of all its assets and the dedication of conscientious employees. If an egg producer has all these attributes they are still not guaranteed a profit. The ultimate judge of our profitability is the consumer that buys our eggs. We have a responsibility to provide the consumer with a high quality food product at an affordable cost. If we do not do this the consumer will buy from someone else. The consumer has choice.

I am a firm believer in competition and customer choice. Electricity is the one major input in our business where customer choice does not exist and it affects the ability of my firm to compete against other firms located in states with lower-cost electricity. Our supplier's commercial rates are in the most expensive 25% of suppliers in the country. Access to competitively priced power would enable our firm to compete on a more level playing field with firms that enjoy other advantages, such as being located within the Grain Belt.

But I am not here today to talk about selling eggs. I am here to talk about the economic viability of communities. I am here to talk about the utility stronghold on economic development in rural areas. As a New Mexico businessperson and citizen I have anticipated competition for several years but have seen utilities delay any real progress on this issue, despite their recent public posturing. They want to talk about stranded costs. I want to talk about the stranded benefits to consumers from the delay of competition. Competitively priced power would not only allow my firm to compete more effectively, it would allow my employees a chance at a better standard of living, especially in the rural area we are located.

I believe that my employees should also have the opportunity to choose their electric supplier. Customer choice will not be designed only for individual businesses and citizens. The power to join together in communities to combine demand can result in purchasing opportunities not possible in the current environment. The method of choice need not be complicated. The county or city where people live could be allowed to buy the least cost power for all their citizens, thus, lowering electrical bills for everyone. Competitive bulk purchasing programs for citizens as well as businesses *have* taken place in selected spots around the country and the system is working. The lights have stayed on, significant savings are being achieved and business has continued as usual.

Competition will not bring only lower prices to businesses like McAnally Enterprises, it will bring new products and services to the market and the ability to choose them based on price. We do not need the same level of service that a computer chip maker might need and feel we should have the opportunity to purchase a given level of service that best fits our production needs. Perhaps residential customers may feel the same way about environmentally-friendly power production sources.

In closing I would like to stress again that customer choice in electric supplier is truly not only about getting lower prices. It is about improving the economic condition of our communities and our country. I say this from both a business manager's point of view and from a citizen's point of view. I see competition working every day in my industry and many others and believe very firmly that

competition in the electric industry will result in a win-win situation for customers and suppliers if the transition is done in a cooperative and timely manner.

I would like to thank the Subcommittee again for this opportunity to speak and hope it will seriously consider during its investigation the needs of all customer groups like New Mexico Electric SWITCH that are forming in states across the country in the effort to gain access to the electric power supplier of their choice. Please consider the needs of individual states as you approach a national customer choice policy.